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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* CIPRIAN AGAPI, THOMAS E. CREAMER, JAMES R. LEWIS,  
VANESSA V. MICHELINI, WALLACE J. SADOWSKI, and  
CLIFFORD J. STROHOFER

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Appeal 2011-010208  
Application 10/846,435  
Technology Center 3600

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*Before* ANTON W. FETTING, MEREDITH C. PETRAVICK, and  
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

PETRAVICK, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Ciprian Agapi et al. (Appellants) seek our review under 35 U.S.C. § 134 of the final rejection of claims 1, 5, and 21-23. We have jurisdiction under 35 U.S.C. § 6(b).

## SUMMARY OF DECISION

We AFFIRM-IN-PART and enter new grounds of rejection pursuant to 37 C.F.R. §41.50(b).<sup>1</sup>

## THE INVENTION

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A computer-implemented method for distributing digitally conveyable content comprising the steps of:

providing a computer-implemented content distribution chain for distributing digitally conveyable content, the content distribution chain including a content production system, a content brokerage system, at least one content distribution system, and at least one content consumer system;

the content production system producing digitally conveyable content;

the content brokerage system receiving the digitally conveyable content from the content production system;

the content brokerage system conducting market research and determining a target audience utilizing marketing data

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<sup>1</sup> Our decision will make reference to the Appellants' Appeal Brief ("Br.," filed Oct. 18, 2010) and the Examiner's Answer ("Ans.," mailed Mar. 18, 2011).

obtained through the market research;

the content brokerage system determining at least one content distribution system with access to the target audience;

the content brokerage system negotiating deals with the at least one content distribution system;

the content brokerage system adding value to the received digitally conveyable content;

the content brokerage system providing the value-added content to the at least one content distribution system;

the content distribution system determining at least one potential content customer system and presenting the at least one potential content customer system a content delivery opportunity;

the content distribution system providing the content to the at least one content customer system upon the at least one potential content customer system accepting the content delivery opportunity; and

the content distribution system reporting content usage information to the content brokerage system;

wherein the content brokerage system established media distribution data and conveys the media distribution data to the content distribution system, said content distribution system using the media distribution data and distribution data included within content consumer profiles that are maintained by the content distribution system and the content brokerage system does not have access to when providing the content to the content customer system, wherein the content consumer profiles include information protected under confidentiality agreement and/or privacy laws, and wherein the content distribution system does not disclose the content consumer profiles to the content brokerage system;

wherein a medium in which content is delivered is changeable from one system to the next in the content distribution chain; and

wherein pricing of content is variable based upon discernible consumer-specific factors.

### THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Van Buren	U.S. 6,667,816 B1	Dec. 23, 2003
Stefik	U.S. 6,895,392 B2	May 17, 2005
Seibel	U.S. 7,043,531 B1	May 9, 2006

The following rejections are before us for review:

1. Claims 1, 5, and 21-23 under 35 U.S.C. §101 as being directed to non-statutory subject matter.
2. Claims 21-23 under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter that Applicants regard as the invention.
3. Claims 1, 5, and 21-23 under 35 U.S.C. §103(a) as being unpatentable over Stefik, Seibel, and Van Buren.

### ISSUES

The first issue is whether claims 1, 5, and 21-23 are directed to non-statutory subject matter under 35 U.S.C. § 101 because they encompass a human organism.

The second issue is whether claims 1 and 5 are directed to non-statutory subject matter under 35 U.S.C. § 101 because they encompass an abstract idea.

The third issue is whether claims 21-23 are indefinite under 35 U.S.C. §112, second paragraph, because it is unclear whether the claims are directed to a method or apparatus.

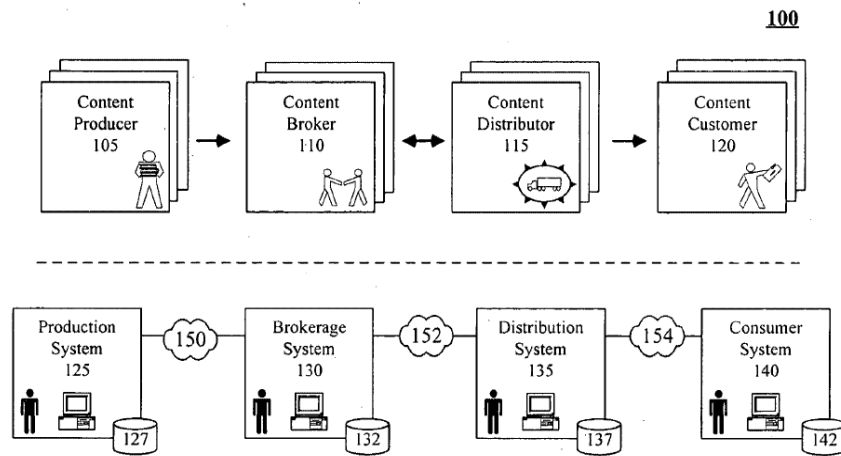
The fourth issue is whether the requirement that the content brokerage system that negotiates with content distribution systems and adds value to digitally conveyable content causes claims 21-23 to be indefinite under 35 U.S.C. § 112, second paragraph.

The fifth issue is whether claims 1, 5, and 21-23 are unpatentable under 35 U.S.C. § 103(a) over Stefik, Seibel, and Van Buren. Specifically, the issue is whether the Examiner has established that the prior art teaches a content brokerage system adding value to the digitally conveyable content and providing the value-added content to the content distribution system.

#### FINDINGS OF FACT

We find that the following enumerated Findings of Fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the U.S. Patent and Trademark Office (“Office”)).

1. Appellants’ Figure 1 is reproduced below.



**FIG. 1**

Figure 1 depicts a system for distributing digitally conveyable content from a producer to a consumer ([0014] and [0016]) and depicts humans and computers in boxes labeled production system 125, brokerage system 130, distribution system 135, and consumer system 140.

2. The Specification states:

Further, the content producer 105, the content broker 110, the content distributor 115, and/or the content customer 120 can be a multitude of different entities. These entities include an automated computer system, a computerized network, a human agent, an organization, and the like.

[0027] By way of illustration, the content producer 105 can be represented by a production system 125, the content broker 110 can be represented by a brokerage system, the content distributor 115 can be represented by the distribution system 135, and the content customer 120 can be represented by a consumer system 140.

**[0028]** Each of the systems 125, 130, 135, and 140 can be agent and/or an organization. When so implemented, the agents and/or organizations can rely upon automated computer systems to automatically perform one or more of the tasks described herein. Further, each of the systems 125, 130, 135, and 140 can be a computer system, network, and/or device.

¶¶ [0026]-[0028].

3. The Specification describes a content producer as including but “not limited to, media producers, software developers, investigators, researchers, artists, architects, advertising firms, inventors, and the like.” ¶ [0019].
4. The Specification describes a content distributor 115 as “any entity having special knowledge concerning one or more content customers 120.” ¶ [0024].
5. The Specification describes a content customer 120 as “an end-user of the content”; for example, “a software user, a book reader, a music listener, a media broadcast watcher, a magazine subscriber, a mail recipient, a data consumer, and the like” and “an advertisement recipient and/or a solicited individual.” ¶ [0025].
6. The Specification broadly describes an embodiment where the system is implemented as an automated system with a program for controlling a computer to implement the method steps. ¶ [0010] – [0012]. *See also* ¶ [0030] (“[i]n another example, the brokerage system 130 can be an automated computer system”); ¶ [0031] (“[i]n still another example, the distribution system 135 can be an automated computer system”); ¶¶ [0045]-[0046] (“[t]he present

invention can be realized in hardware, software, or a combination of hardware and software”).

7. The Specification states: “Any kind of computer system or other apparatus adapted for carrying out the method described herein is suited.” ¶ [0045].
8. The Specification states: “This invention can be embodied in other forms without departing from the spirit or essential attributes thereof.” ¶ [0047].
9. The Appellants state: “Further, it is noted that although each of the systems can be an agent/or an organization, the agent and/or the organization rely on machine (such as computer systems) to perform the tasks.” Br. 11-12.
10. The Appellants state: “[T]here is nothing wrong for a machine or apparatus to be operated with the assistance of a human being. Therefore, a ‘computer’ can negotiate and add value automatically or with the assistance of a human being, both within the scope of the claims.” Br. 12.

*Findings of Fact Related to the New Grounds of Rejection*

11. The Specification states: “In step 225, each content broker can negotiate content delivery deals with the determined content distributors. Different deals can be negotiated with different content distributors.” ¶ [0041].
12. The Specification describes a content broker program that: 1) receives digital content from the content producers; 2) provides the digital content to the content distributor; 3) established media distribution data to convey to the media distributor; and 4)

automatically selects content distributors. *See* ¶ [0010] and ¶ [0030].

13. The Specification states: “This program may be provided by storing the program in a magnetic disk, an optical disk, a semiconductor memory, any other recording medium, or distributed via a network.” ¶ [0012].

## ANALYSIS

### *Non-Statutory Subject Matter Rejections*

#### *Human Organism*

The Examiner rejected claims 1, 5, and 21-23 under 35 U.S.C. §101<sup>2</sup> as being directed to non-patentable subject matter, because these claims encompass a human organism. Ans. 4-5. The Examiner found that the claimed content production system, content brokerage system, and content distribution system [hereinafter collectively, “the content systems”], when given the broadest reasonable meaning in light of the Specification, encompass a human being or a group of human beings. *Id.*

We will address each of the independent claims individually. As to claim 23, which is directed to a system, we agree with the Examiner that the claimed content systems encompass a human being or a group of human

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<sup>2</sup> We note that section 33(a) of the Leahy-Smith America Invents Act (AIA) creates a statutory expression of the Office’s longstanding position that human organisms are not patent-eligible subject matter. AIA, Public Law 112-29, sec. 33(a), 125 Stat. 284 (Sept. 16, 2012) (“Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism.”). *See also* Manual of Patent Examining Procedure § 2105 (8<sup>th</sup> Ed., Rev. 9, Aug. 2012).

beings, when given the broadest reasonable meaning in light of the Specification. We see nothing in the meaning of system itself or the Specification that would preclude these systems from being reasonably construed as encompassing a human being or a group of human beings. Further, we note that the Specification describes embodiments where these systems include both humans and computers (*see* FF 1-5), as well as, embodiments where these systems are fully automated (*see* FF 6). As the Appellants state: “a ‘computer’ can negotiate and add value automatically or with the assistance of a human being, both within the scope of the claims.” FF 10. *See also* FF 9.

Next, as to claims 21 and 22, unlike claim 23, these claims are directed to an article - a “machine-readable storage having stored thereon . . . one computer program” that causes a machine to provide the content systems. Given this, we find that claims 21 and 22 do not reasonably encompass the embodiments of the invention where the systems include a human being or human beings.

Finally, as to claims 1 and 5, claim 1 is directed to a method and encompasses steps or actions. The Examiner argues that claim 1 encompasses a human because “the steps of claim 1 are interpreted as being performed by a person rather than a device.” Ans. 10. However, the method encompasses the steps or actions which use human interaction but do not encompass the humans themselves. *See* Br. 11-12.

Accordingly, the rejection of claims 1, 5, 21, and 22 under 35 U.S.C. §101 as encompassing a human organism is reversed, and the rejection of claim 23 under 35 U.S.C. § 101 as encompassing a human organism is affirmed.

*Abstract Idea*

We are not persuaded by the Appellants' argument (Br. 9-10) that the Examiner erred in rejecting claims 1 and 5 under 35 U.S.C. § 101 as being directed to a non-statutory subject matter because it encompasses an abstract idea. The Examiner found that claims 1 and 5 fail the machine-or-transformation test. Notwithstanding that this test for determining patent eligibility of a process is unduly narrow under *Bilski v. Kappos*, 130 S. Ct. 3218 (2010), it can nevertheless be instructive as a factor in determining whether the claimed processes are patent-ineligible abstract ideas, and it is the only factor at issue here as the Appellants make no other arguments.

First, the Appellants argue that claim 1 satisfies the machine prong because the content production system, the content brokerage system, the content distribution system, and the content consumer system “*can* all involve machines.” Br. 10 (emphasis added). However, as discussed *supra*, when given the broadest reasonable interpretation in light of the Specification, these systems do not require a particular computer, and we find the claim's recitation of a machine is nominal. *See* FF 6-8.

Second, the Appellants argue that claim 1 includes a transformation because the digitally conveyable content is produced, has value added to it, and the medium upon which it is delivered is changeable. Br. 10. However, “[t]he mere manipulation or reorganization of data . . . does not satisfy the transformation prong.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011).

Accordingly, the rejection of claims 1 and 5 under 35 U.S.C. §101 as encompassing an abstract ideas is affirmed.

*Indefiniteness*

We are persuaded by the Appellants' arguments (Br. 12) that the Examiner erred in rejecting claims 21-23 under 35 U.S.C. § 112, second paragraph, as being indefinite. The Examiner rejected claims 21-23 as being indefinite because: 1) the scope of claims 21 and 23 is indefinite because they recite both a method and an apparatus (Ans. 5-6) and 2) the scope of claims 21 and 23 is indefinite because "it is unclear how a 'computer' can negotiate and add value." (Ans. 6).

First, the Examiner found that claims 21 and 23 recites both apparatus limitation and method steps (i.e., the "wherein" statements) (Ans. 5-6). We disagree with the Examiner and find that the "wherein" statements are not method steps but functional language. The Appellants may use functional language or any style of expression or format of claim which makes clear the boundaries of the subject matter for which protection is sought. As noted by the Court in *In re Swinehart*, 439 F.2d 210 (CCPA 1971), a claim may not be rejected solely because of the type of language used to define the subject matter for which patent protection is sought.

Second, the Examiner found that the recitation that the content brokerage system negotiates with the content distribution system and adds value to the digitally conveyable content causes the scope of claims 21-23 to be indefinite, because it is unclear how a computer can perform these functions. Ans. 5-6. The test for compliance is whether the claims set out and circumscribe a particular area with a reasonable degree of precision and particularity when read in light of the application disclosure as they would be interpreted by one of ordinary skill in the art. *In re Moore*, 439 F.2d

1232, 1235 (CCPA 1971). We find that the Examiner has not established that the scope of the claims is indefinite.

Accordingly, the rejection of claims 21-23 under 35 U.S.C. § 112, second paragraph, as being indefinite is reversed.

*Obviousness*

We are persuaded by the Appellants' argument (Br. 18) that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a) as being unpatentable over Stefik, Seibel, and Van Buren. The Appellants argue that Seibel's description of providing a customer with a coupon in column 10, lines 29-31 does not teach the claimed content brokerage system adding value to the digitally conveyable content and providing the value-added content to the content distribution system. Br. 18. We agree.

Initially, we note that the rejection does not specifically rely upon Seibel's coupon in column 10, lines 29-31 to teach the limitations at issue, as the rejection makes no mention of the limitations at issue. The rejection does cite Seibel's coupon column 10, lines 29-31 to teach another limitation performed by the content distribution (i.e., "presenting the at least one potential content customer system a content delivery opportunity"). *See* Ans. 8. Further, the Examiner does not respond to the Appellants' argument in their Answer. *See* Ans. 12-13.

Inasmuch as the Examiner may be relying upon Seibel's coupon, we fail to see how Seibel's coupon teaches the claimed content broker system adding value to the digitally conveyable content and providing the value-added content to the content distribution system. We find that the Examiner fails to establish a prima facie showing of obviousness.

Independent claims 21 and 23 recite similar limitations and are rejected using the same rationale (*see* Ans. 6). Accordingly, the rejection of claims 1, 21, and 23, and claims 5 and 22 dependent thereon, under 35 U.S.C. § 103(a) as being unpatentable over Stefik, Seibel, and Van Buren is reversed.

#### NEW GROUNDS OF REJECTION

Pursuant to 37 C.F.R. §41.50(b), we enter the following new grounds of rejection on claims 21-23.

*§112, first paragraph*

We enter new grounds of rejection on claim 21 under 35 U.S.C. §112, first paragraph, as failing to comply with the written description requirement.

Claim 21 recites:

At least one machine-readable storage having stored thereon, at least one computer program having a plurality of code sections, said code section executable by a machine for causing the machine to perform the steps of:

providing a computer-implemented content distribution chain . . . , the content distribution chain including . . . a content brokerage system . . .

. . . .

the content brokerage system negotiating deals with the at least one content distribution system;

To show written description,

the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that

inquiry, the specification must describe an invention understandable to that skilled artisan and show that the inventor actually invented the invention claimed.

*Ariad Pharmaceuticals v. Eli Lilly and Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc).

The Specification does not reasonably convey to one of ordinary skill in the art that the inventors had possession of an article having stored thereon on a computer program with code that causes a machine to provide a content brokerage system that negotiates deals. While the Specification describes a content broker 105 negotiating different deals with different content distributors (*see* FF 11) and, separately, a content broker program (FF 12), the Specification does not explicitly describe any particular computer program for negotiating these different deals. Further while the Specification does describe the content broker program as performing other claimed functions (i.e. receiving digital content from the content producer through by various means and adding-value to the content by various means) (FF 12), the Specification is silent as to the content broker program negotiating deals. Further, while the Specification broadly states that the functions of the invention can be implemented in a computer program (FF 6), the Specification is silent as to any specific implementation of the negotiation function, particularly given that the negotiated deals are describe as being different with each content distributor (FF 11).

### § 101

We enter a new ground of rejection on claims 21-23 under 35 U.S.C. §101 as being directed to non-statutory subject matter because the claims encompass an abstract idea. As discussed *supra*, we found the method claim

1 encompassed an abstract idea. Independent claims 21-23 recite an article and system, respectively, that closely tracks the method claim.

Although *CLS Bank* issued as a plurality opinion, in that case a majority of the court held that system claims that closely track method claims and are grounded by the same meaningful limitations will generally rise and fall together. [*CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013)], at 1274 n.1 (Lourie, Dyk, Prost, Reyna, & Wallach, JJ., plurality opinion) (“[E]ight judges, a majority, have concluded that the particular method, medium, and system claims at issue in this case should rise or fall together in the § 101 analysis.”).

*Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341 (Fed. Cir. 2013). *See also Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013), and *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011). Therefore, we reject claims 21-23 under 35 U.S.C. §101 as encompassing non-statutory subject matter because they encompass an abstract idea.

Further, we reject claims 21 and 22 under 35 U.S.C. §101 as encompassing non-statutory subject matter because the claims encompass a signal. Claim 21 is directed to “machine readable storage having stored thereon, at least one computer program having . . . code sections.” Giving these claims the broadest reasonable construction in light of the Specification, we find that claims 21 and 22 encompass the code sections being disposed on transitory propagating signals. A signal does not fit within at least one of the four statutory subject matter categories under 35 U.S.C. § 101. *In re Nuijten*, 500 F.3d 1346, 1357 (Fed. Cir. 2007).

We note that the Specification is silent as to what “machine readable storage” encompasses and does not preclude transitory propagating signals as the “machine readable storage.” *See* FF 13. *See also Ex parte Mewherter*, 2012-007692, 2013 WL 3291360 (PTAB May 8, 2013) (precedential) (finding a machine readable storage medium non-statutory under § 101).

Since claims 21 and 22 encompass subject matter that does not fit within any of the four statutory categories of patentable subject matter, we reject these claims under 35 U.S.C. § 101.

### DECISION

The decision of the Examiner to reject claims 1, 5, and 23 is affirmed and to reject claims 21-22 is reversed. We enter new grounds of rejection on claims 21-23.

The decision contains new grounds of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides that, “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” 37 C.F.R. § 41.50(b) also provides that Appellants, WITHIN TWO MONTHS FROM THE DATE OF THIS DECISION,

must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution*. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the Examiner. . . .

(2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same record. . . .

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED-IN-PART; 37 C.F.R. §41.50(b)

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